

Message Text

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AMEMBASSY PARIS
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AMEMBASSY THE HAGUE

C O N F I D E N T I A L STATE 054528

USEEC FOR ACTION

E.O. 11652: GDS

TAGS:OVIP, EC, EAID,

SUBJECT: VISIT OF EC COMMISSIONER CHEYSSON

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1. EC COMMISSIONER CLAUDE CHEYSSON HAD INTENSIVE DAY OF CONSULTATIONS FEBRUARY 21 WITH AID, STATE, NSC, AND TREASURY OFFICIALS. HE WAS ACCOMPANIED ON HIS CALLS BY HIS AIDES SOUBESTRE AND EUDE, DEPUTY DIRECTOR GENERAL DG VIII DURIEUX, AND SPAAK, LENG AND PIRZIO-BIROLI OF EC DELEGATION.

2. LUNCHEON HOSTED BY GOVERNOR GILLIGAN PROVIDED OPPORTUNITY FOR EC AND US OFFICIALS TO DISCUSS VARIETY OF PROMISED CHANGES IN EACH SIDE'S ASSISTANCE PROGRAM AND CONTINUING NEED FOR CLOSE COORDINATION OF OUR PROGRAM. THERE WERE

FAVORABLE REFERENCES TO AFRICA COORDINATION MEETING LAST SEPTEMBER AND DESIRE TO RENEW THOSE CONTACTS IN THE NEAR FUTURE. GOVERNOR GILLIGAN EXPRESSED HOPE THAT HIS SCHEDULING COULD BE WORKED OUT TO ENABLE HIM TO VISIT BRUSSELS IN APRIL.

3. UNDERSECRETARY COOPER LED TWO-HOUR ROUNDTABLE DISCUSSION IN AFTERNOON. US PARTICIPANTS INCLUDED ERB OF NSC, HORMATS AND BOSWORTH OF EB/STATE, FRANK OF IO/STATE, JUNZ OF TREASURY, BRONHEIM OF AID, CANNER OF E/STATE AND ALBRECHT OF EUR/RPE.

4. CHEYSSON LED OFF ROUNDTABLE WITH HIS ASSESSMENT OF FUTURE DIRECTION OF NORTH/SOUTH DIALOGUE AND SUGGESTIONS FOR POSSIBLE DC RESPONSES TO LDC POSITIONS. EC WAS STRUCK BY G-77 INABILITY AT LAST COMMON FUND NEGOTIATION EVEN TO ADDRESS SUBSTANCE OF GROUP B POSITION. CHEYSSON CONCLUDES THAT G-77 NOW LESS JOYFUL AND LESS CONFIDENT THAT THEY CAN OUT MANUEUR DCS. MOREOVER WEAKEST OF LDCS HAVE BAD MEMORIES OF LAST DAYS OF CIEC AND WANT TO ASSURE THAT WHEN THERE IS MOVEMENT IN NEGOTIATIONS THEIR INTERESTS ARE NOT FORGOTTEN. THIS JUDGEMENT APPLIES WITH SPECIAL FORCE TO AFRICAN COUNTRIES WHOSE AMBASSADORS OFTEN FEAR THAT THEY CONFIDENTIAL

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WILL LOOSE CONFIDENCE OF THEIR GOVERNMENTS. CHEYSSON CONCLUDED THAT DCS SHOULD NOT AGAIN SEEK TO NEGOTIATE UNLESS AND UNTIL THEY ARE SURE THERE WILL BE SOME MOVEMENT. BUT WHEN THERE IS SUCH EVIDENCE THEY SHOULD BE PREPARED TO MOVE ON ALL FRONTS. TO GET THINGS GOING EC WAS READY TO TAKE SOUNDINGS WITH COUNTRIES WITH WHICH IT HAS SPECIAL RELATIONS.

5. UNDERSECRETARY COOPER EMPHATICALLY AGREED THAT IT WOULD BE INAPPROPRIATE FOR DCS TO MOVE UNTIL G-77 CAN RESPOND CONSTRUCTIVELY. HE THOUGHT WE SHOULD NOT BE SEEN TO BE TRYING TO GET VARIOUS NEGOTIATIONS STARTED. RATHER WE SHOULD ;GET READY TO GET READY TO MOVE." IT IS DIFFICULT TO SEE HOW PROGRESS CAN BE MADE IN LARGE CONFERENCES. AT LOS NEGOTIATIONS DCS HAVE BEEN DRIBBLING OUT CONCESSIONS FOR YEARS WITHOUT MEASURABLE PROGRESS. ONLY CHANCE FOR AGREEMENT IS TO REACH A MEASURE OF ACCORD FIRST WITH A SMALL GROUP OF KEY LDCS. ODDS WOULD STILL BE LESS THAN EVEN THAT ANY AGREEMENT CAN BE REACHED. US SIDE THOUGHT PROBLEM IS THAT LDC LEADERSHIP SHIFTS SUBTLY OVER TIME AND AMONG ISSUES.

6. CHEYSSON SAID DCS DO A BETTER JOB OF DRAWING NORTH/SOUTH ISSUES TOGETHER SINCE "DOSSIERS ARE INTER-RELATED." HE CITED EXAMPLE OF LINKAGE BETWEEN COMMON FUND NEGOTIATIONS AND THOSE FOR INDIVIDUAL COMMODITIES. COOPER, WHILE ACKNOWLEDGING SUBSTANTIVE CONNECTION, WONDERED WHETHER

THERE IS A PSYCHOLOGICAL LINKAGE. HE ASKED ABOUT THE NATURE G-77'S CHARACTERISTIC LOG-ROLLING AND INQUIRED WHETHER PROGRESS ON ISSUE "A" WOULD QUIET OR EXCITE GREATER DEMANDS ON ISSUE "B". AFTER PARTICIPANTS ON BOTH SIDES HAD GIVEN VARIOUS ESTIMATES BASED ON PAST EXPERIENCE COOPER OFFERED HYPOTHESIS THAT G-77 APPROACH TO ANY GIVEN NEGOTIATION WILL BE BASED LESS ON LINKAGE BETWEEN ISSUES AND MORE ON ECONOMIC SITUATION AT THE MOMENT, POLITICAL DYNAMICS OF G-77 AND OVER ALL DC-LDC POLITICAL RELATIONS.
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7. EC CONTRIBUTION TO THIS DISCUSSION WAS CHEYSSON'S

ANALYSIS THAT AT LEAST ONE LINKAGE BETWEEN ISSUES WAS UNCTAD SECGEN COREA HIMSELF. HE NEEDS TO BE ABLE TO DEMONSTRATE SUCCESS IN MEETING A MAJOR LDC DEMAND. PROGRESS ON COPPER, HE THOUGHT, WOULD BRING AFRICAN DELEGATIONS ALONG ON OTHER ISSUES. DURIEUX THOUGHT THAT LDC LEADERS HAD TO SHOW PROGRESS ON PRINCIPAL ISSUES BEFORE 1979 MANILA MEETING OF UNCTAD V. COOPER EXPRESSED DOUBT THAT PROGRESS ON ONE MAJOR ISSUE WOULD IMPROVE UNCTAD V CLIMATE I.E. THAT AGREEMENT ON COPPER FOR EXAMPLE WOULD MAKE AFRICANS LESS DEMANDING ON OTHER ISSUES. ERB DOUBTED THAT COREA COULD SUSTAIN A PRAGMATIC G-77 STANCE ANY MORE THAN HE CAN SUSTAIN A COMPLETELY CONFRONTATIONAL ATTITUDE.

8. CHEYSSON AND COOPER EXCHANGED IMPRESSIONS OF RECENT COREA VISITS TO BRUSSELS AND WASHINGTON. THEY AGREED THAT COREA SEEMED WORRIED ABOUT UPCOMING TDB MEETING. IN RESPONSE TO CHEYSSON'S QUERY COOPER SAID HE WOULD NOT RECOMMEND THAT EITHER SECRETARIES VANCE OR BLUMENTHAL ATTEND. CHEYSSON SAID EUROPEAN COUNTRIES HAVE DECIDED TO SEND OFFICIAL LEVEL PERSONNEL WHO "CAN KEEP THEIR HEADS DOWN." COOPER REPORTED THAT US HAD TOLD COREA THAT BOTH ADMINISTRATION AND CONGRESS WILL OPPOSE ANY FORM OF GENERALIZED DEBT ADJUSTMENT. WE HAVE EXAMINED NUMBERS AND FOUND THAT, WHILE AMOUNTS INVOLVED ARE NOT LARGE, LIST OF BENEFICIARIES, WHICH WOULD INCLUDE UGANDA FOR INSTANCE, WOULD CAUSE PROBLEMS. WE ALSO POINTED OUT THAT IN US CASE DEBT ADJUSTMENT MEANS APPROPRIATION OF NEW MONEY AND CONGRESS WILL OPPOSE OPERATIONS WHERE IT CANNOT OVERSEE USE OF FUNDS. HE CONCLUDED THAT AT BEST US COULD CONSIDER DEBT ADJUSTMENT ON A CASE BY CASE BASIS.
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9. CHEYSSON SAID EC IS COMMITTED TO US-EC DEBT FEATURES PROPOSAL AND CANNOT NOW WITHDRAW SUPPORT. IT WOULD BE FAR BETTER FOR US AND EC TO TABLE PAPER TOGETHER. CHEYSSON ASKED THAT IF US CANNOT DO SO WE UNDERSTAND THAT EC MUST. IT IS NOT CAPABLE OF GREAT FINESSE ON THIS ISSUE. IF

AGREED EC POSITION ON DEBT WERE BROKEN NINE WOULD GO OFF IN ALL DIRECTIONS. WITH REGARD TO COREA'S PROPOSAL CHEYSSON GUESSED THAT EC WOULD ADOPT EXACT US POSITION THAT DEBT MUST BE HANDLED ON A CASE BY CASE BASIS ONLY.

10. COOPER REPLIED THAT EC POSITION ON DEBT FEATURES MAY INFLUENCE US. WE, HOWEVER, HAD BEEN STUDYING HOW PART OF PACKAGE MIGHT BE PULLED BACK BOTH (1) SUBSTANTIVELY BECAUSE WE ARE NOT SURE CONGRESS WILL ACCEPT IN ISOLATION WHAT WE THOUGHT LAST YEAR IT MIGHT ACCEPT AS PART OF A CIEC PACKAGE AND (2) TACTICALLY TO EMPHASIZE THAT ONCE TABLED DC PROPOSALS MUST BE ACTED UPON OR DCS WILL WITHDRAW THEM. (FYI COOPER SUBSEQUENTLY AGREED THAT A US PULL-BACK

FROM PARTS OF THE FEATURES PAPER MIGHT ENDANGER EC UNITY ON ISSUE, AND US WILL BE WORKING WITH EC ON TACTICS FOR TABLING AT TDB.)

11. ON THE COMMON FUND CHEYSSON STATED THAT AT MARCH 7 COUNCIL MEETING THE COMMISSION WILL PRESS THE NINE TO AGREE ON A JOINT POSITION WHICH WOULD (1) REDUCE FUNDING TO 33 PER CENT OF MINIMUM FINANCIAL REQUIREMENT FROM PRESENT GROUP B POSITION OF 75 PER CENT AND (2) AGREE TO STRICTLY VOLUNTARY CONTRIBUTIONS TO A SECOND WINDOW TO FINANCE CERTAIN "OTHER MEASURES." THE COMMISSION WANTS TO BE READY IF NEGOTIATIONS ARE RESUMED IN MAY, AND ANTICIPATES THAT AFTER THE MARCH 7 COUNCIL THERE SHOULD BE FURTHER US-EC TALKS FOLLOWED BY A GROUP B CAUCUS IN APRIL.

12. JUNZ ASKED HOW COUNCIL DISCUSSION MARCH 7 ON POSSIBLE CONFIDENTIAL

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IMPROVEMENTS IN COMMON FUND POSITION FIT WITH TACTIC OF NOT AGREEING ON FIXED DATE FOR RENEWED NEGOTIATIONS AND NOT OFFERING CONCESSIONS TO GET DISCUSSION STARTED. CHEYSSON REPLIED THAT UNTIL EC ADOPTS A POSITION THERE WILL BE INDICATIONS OF WHERE IT MIGHT GO BUT NO ONE WILL BE ABLE TO DEFINE ITS POSITION EXACTLY. COOPER SAID HE SAW NO PROBLEM WITH G-77 KNOWING WHERE GROUP B'S POINTS OF FLEXIBILITY ARE. HE NOTED THAT COREA HAD SOUGHT TO DISCUSS DETAILS OF GROUP B POSITION DURING HIS WASHINGTON VISIT. WE EXPRESSED DISAPPOINTMENT THAT SUCH DISCUSSIONS HAD NOT BEEN POSSIBLE IN THE LAST NEGOTIATING SESSION BUT USED COREA'S PROBING TO DISCUSS CONSTRAINTS ON USG SUCH AS CONGRESSIONAL RELUCTANCE TO APPROPRIATE FUNDS FOR NEW INSTITUTION WHERE IT DOES NOT HAVE A SAY OVER THE EVENTUAL BENEFICIARIES. WE ALSO OUTLINED ALTERNATE WAYS OF ACCOMPLISHING SOME OF "SECOND WINDOW" OBJECTIVES THROUGH PRODUCER/CONSUMER FORUMS. THE WOOL SECRETARIAT IS AN EXCELLENT EXAMPLE OF WHAT CAN BE DONE WITH CONTRIBUTIONS FOR MARKET DEVELOPMENT, PRODUCT IMPROVEMENT AND INCREASING PRODUCTIVITY. DIVERSIFICATION SHOULD BE TREATED AS A DEVELOPMENT PROBLEM BY

REGULAR DONOR INSTITUTIONS.

13. IN DISCUSSION INDIVIDUAL COMMODITIES CHEYSSON ONCE AGAIN STRESSED IMPORTANCE OF COPPER. IN ANSWER TO COOPER'S QUESTION, HE INDICATED EC IS NOT CONTEMPLATING PARTICIPATING IN COMMODITY BUFFER STOCKS. COOPER ARGUED THAT EC MEMBER STATES SHOULD ACCEPT STOCKING RESPONSIBILITIES. STOCKS GIVE SYMMETRY TO AGREEMENT AT THE HIGH END OF COMMODITY PRICE RANGE. THE US WILL NOT AGREE TO AGREEMENTS WHICH RELY PRIMARILY ON EXPORT CONTROLS, ALTHOUGH AS SEEN IN SUGAR AGREEMENT WE ARE NOT ENTIRELY AGAINST THEIR USE. JUNZ MENTIONED STRONG US PREFERENCES FOR INTERNATIONALLY HELD STOCKS TO ASSURE WORKABILITY OF AGREEMENT. IN CLOSING
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ING CHEYSSON BRIEFLY MENTIONED PENDING NEGOTIATIONS TO RE-NEW LOME AGREEMENT, INCLUDING COMMISSION PROPOSAL FOR INVESTMENT QUARANTY SCHEME. HE ALSO DISCUSSED PROPOSAL TO INCLUDE HUMAN RIGHTS LANGUAGE IN LOME AND SAID THAT EC POLICY WILL PARALLEL THAT OF US. US HUMAN RIGHTS LEADERSHIP IS HELPFUL IN EFFORT TO GAIN APPROVAL FROM EC PARLIAMENT AND MEMBER GOVERNMENTS. COOPER REPLIED THAT EC ACTION WILL BE HELPFUL TO US ADMINISTRATION AS WELL. CHEYSSON ALSO OUTLINED HIS IDEA THAT LOME II SHOULD FIND WAY OF AUTOMATICALLY CONDITIONING TRADE AND AID ON EACH ACPS OBSERVANCE OF SOME MEASURE OF INTERNATIONAL LABOR STANDARDS, (E.G. MINIMUM WORKING AGE) PERHAPS USING ANNUAL ILO ASSESSMENT. HORMATS QUESTIONED WHETHER EC ADOPTION OF - SUCH A MECHANISM MIGHT LEAD TO PRESSURE TO USE IT AS CRITERIA FOR AUTOMATIC CUT-OFF OF AID AND EVEN MFN TRADE.

14. BECAUSE OF A LAST MINUTE SCHEDULE CONFLICT ASSOCIATED WITH DANISH PRIME MINISTER JORGENSEN'S VISIT ASSISTANT SECRETARY VEST WAS NOT ABLE TO MEET WITH CHEYSSON BUT CHEYSSON AND DEPUTY ASSISTANT SECRETARY VINE ENGAGED IN BRIEF OVERVIEW OF EUROPEAN DEVELOPMENTS. CHEYSSON SAID EUROPE ENTERED A TEN YEAR ECONOMIC CRISIS IN 1973 AND AGREED WITH VINE THAT PRESENT POLITICAL UNCERTAINTIES ARE IN PART A RESULT OF THE LARGE NUMBER OF UNEMPLOYED YOUTH. CHEYSSON SAW GRAVE CONSEQUENCES IN CRISIS FOR SOCIALIST LEADERS IN WEST GERMANY AND BRITAIN AND IN FRANCE, IF SOCIALISTS COME TO POWER.

15. CHEYSSON LAYS MUCH OF BLAME FOR UNCERTAIN EUROPEAN ECONOMIC PROSPECTS ON MONETARY INSTABILITY WHICH DISCOURAGES INVESTMENT. HE DESCRIBED AS A TRAGEDY FACT THAT DOLLAR, AS ONLY VIABLE REFERENCE CURRENCY, IS NOT STABLE. HE THOUGHT THAT IT MIGHT BE POSSIBLE TO REACH A MONETARY AGREEMENT TO STABILIZE CURRENCIES WITHIN THE OECD AREA BUT
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HE DID NOT THINK EC PRESIDENT JENKIN'S IDEAS FOR MONETARY REFORM ARE PRACTICABLE BECAUSE THEY WOULD REQUIRE SEVERE RESTRICTIONS ON NATIONAL SOVEREIGNTY. CHEYSSON THINKS LDCS HAVE ROLE IN WORLD ECONOMIC RECOVERY AND OECD COUNTRIES SHOULD CONSEQUENTLY CLOSELY EXAMINE POSSIBLE WAYS OF INCREASING AID AND INVESTMENT FLOWS AND INVESTIGATING NEW MARKET OPPORTUNITIES. IN DISCUSSION OF NEED TO ADJUST TO IMPACT OF GROWING LDC EXPORTS CHEYSSON SAID COMMISSION WILL TRY TO BLOCK EVERY MOVE TOWARD PROTECTIONIST SOLUTIONS.

16. FINALLY CHEYSSON OFFERED HIS ESTIMATE THAT FRENCH ELECTIONS WILL BE CLOSE. THIS MIGHT NECESSARILY LEAD TO CALLING OF NEW ELECTIONS WITHIN THE YEAR UNDER NEW ELECTORAL LAWS WHICH WOULD GIVE THE CENTER PARTIES REPRESENTATION

CLOSER TO THEIR NATIONAL FOLLOWING. CHEYSSON SAID HE IS NOW CONVINCED THAT THE FIRST PRIORITY OF THE FRENCH COMMUNIST PARTY IS TO DISMANTLE THE SOCIALIST PARTY WHICH IS EFFECTIVELY CHALLENGING THEIR CLAIM TO BE THE LEGITIMATE REPRESENTATIVE OF THE LEFT. CHEYSSON THOUGHT THAT ANY GOVERNMENT OF THE LEFT WOULD BE SO PREOCCUPIED WITH DOMESTIC MATTERS IT WOULD NEED EUROPEAN COOPERATION. IT WOULD CONSEQUENTLY TEND TO BE EXTREMELY CAUTIOUS IN BRUSSELS. IT WOULD IN CHEYSSON'S VIEW BE MORE SUCCESSFUL THAN THE RIGHT IN OBTAINING THE SUPPORT OF THE OTHER MEMBER STATES IN OVERCOMING THE DIFFICULT ECONOMIC PROBLEMS THAT LIE IN THE FUTURE. CHRISTOPHER

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